19 JULY 2004

THE MANAGER

COMPANY ANNOUNCEMENTS

AUSTRALIAN STOCK EXCHANGE

LEVEL 10, 20 BOND STREET

SYDNEY NSW 2000

COMPANY ANNOUNCEMENT

PRESS RELEASE

AP778 HAS THE WOOD ON TERMITES

BioProspect's natural termite product delivers outstanding results

BioProspect said today that it was delighted with the recent trial results of its natural termite product AP778. Comprehensive scientific trials have shown high repellency and kill rates over an extended period of time.

AP778 is a naturally derived insecticide, which is unique to an Australian hardwood tree and is environmentally friendly and non-toxic to mammals.

Chief Executive Officer Selwyn Snell said the results for the trials have exceeded the internal expectations of the company and scientists conducting the tests.

"We knew that AP778 had good control on termites and the latest barrier tests show it has exceptional repellency." The long-term trials from the barriers impregnated with AP778 showed 100% repellency and kill rate.

The Building Code of Australia demands termite management systems as a mandatory requirement for any new building or addition, to protect them from termite attack. These management systems include chemically impregnated sand barriers. Current synthetic products continue to be scrutinised by the homeowner for their protection against termites, reapplication, health, and environment issues. BioProspect believes it may have found an answer to these issues.

Professor David Leach of Southern Cross University and Professor Robert Spooner-Hart of the University of Western Sydney have co-ordinated and run the trials on AP778. "We are encouraged by the results as the sand barriers contained low concentrates of AP778, which has provided continuous repellency and longevity in the barrier" they said.

Using a 2% concentration of AP778 in an unformulated application provided an excellent spreading and fixing ability to the sand barriers. "We did not expect it to last as long without

a co-formulation, and the results show that AP778 has an excellent binding capacity with sand indicating a natural fixative" they said.

Professor Spooner-Hart said primary field trials would commence in August. The trials will take place in termite-infested grounds at the notorious termite-testing site near Narrandera, west of Wagga Wagga in NSW, together with trials in other regional areas. The field trial results will provide BioProspect with valuable data required for registration and market development of the product.

The initial discovery of AP778 came through observation of several 100-year-old fence posts that had remained untouched by termites in a heavily infested termite area. "From what we have seen so far from both repellency and kill rates, AP778 will be an exceptional product." Professor Spooner-Hart said.

BioProspect is now in a position to evaluate specific market segments and potential end-use products for AP778. Potential end-use collaborators will be investigated in the near future.

The unique capability of the AP778's repellency and control provides an exciting starting-point for potential products derived from AP778. A full assessment of where the product can be used and applied should make life very difficult for termites not only in Australia but worldwide.

Mr Snell said the agrochemical termiticide market had been searching for a chemical to replace organochlorine insecticides that were withdrawn from the Australian market in 1995 because of their negative environmental effects.

Mr Snell said termites were a growing problem with sales of termite control products in the US totalling more than US $1 billion per annum and about $100 million in Australia.

AP778 is a project supported by a federal government Biotechnology Innovation Grant (BIF).

####

Further Information

Mr Colin Johnston
Company Secretary
BioProspect Limited
Tel +61 7 3229 5755